

NEWS RELEASE

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TEXAS MAN PLEADS GUILTY TO ACCEPTING \$110,000 KICKBACK FROM KBR SUBCONTRACTOR

ROCK ISLAND, IL – The United States Attorney for the Central District of Illinois, Jan Paul Miller, announced that Glenn Allen Powell, 40, of Texas, a former employee of Kellogg, Brown & Root (KBR), entered a plea of guilty today to charges he defrauded the United States and accepted kickbacks of more than \$100,000 from an Iraqi subcontractor.

Powell appeared today in federal court in Rock Island, Illinois and pleaded guilty to both counts charged in a two-count information: one count of major fraud against the United States and one count of violating the Anti-Kickback Act. Powell's sentencing hearing is scheduled for November 18, 2005, at 1:00 p.m. in Rock Island, Illinois.

During court proceedings before U.S. District Judge Michael M. Mihm, Powell admitted accepting approximately \$110,300 in kickbacks related to the award of a subcontract to an Iraqi company for renovation of buildings in Iraq. From October 2003 to January 6, 2005, Powell, a U.S. citizen, was employed by KBR as a subcontracts administrator in Iraq. In that capacity, his duties included the negotiation, execution and administration of subcontracts on behalf of KBR under the prime contract KBR had with the U.S. Army known as LOGCAP III.

LOGCAP (Logistics Civil Augmentation Program) is a U.S. Army program that uses civilian contractors to support the logistical needs of the U.S. military forces. In December 2001, the LOGCAP III prime contract was awarded to KBR by the U.S. Army Operations Support command, with headquarters at the Rock Island Arsenal in Rock Island, Illinois, and was administered by the Army Field Support Command, also at the Rock Island Arsenal.

According to the information and plea agreement, among the Army's requirements as part of the LOGCAP III prime contract was the renovation of four existing buildings in Iraq for office and warehouse space. On July 24, 2004, KBR awarded the subcontract in the amount of \$609,000, not including change orders, to the Iraqi company to perform the renovations. Powell admitted during today's hearing that he recommended the Iraqi company be awarded the subcontract following a competitive bidding process. At today's hearing, Powell further admitted that he and the Iraqi company's managing partner had agreed that Powell would receive 20% of the subcontract price as a kickback.

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During today's plea hearing, Powell admitted that, as a result of his actions, KBR submitted a public voucher, or invoice, paid by the government on October 15, 2004, which included KBR's costs for the work by the Iraqi subcontractor and KBR's allowable fees under the LOGCAP III prime contract. Powell further admitted that a portion of the monies paid to the Iraqi subcontractor, approximately \$110,300, was secretly diverted to Powell as a kickback.

The maximum statutory penalty for the offense of major fraud against the United States is 10 years in prison, a fine of \$1 million, or both. For the offense of violating the Anti-Kickback Act, the maximum penalty is no more than 10 years in prison, a \$250,000 fine, or both.

U.S. Attorney Miller said, "A government contract is not a license to steal. The public should be able to trust that the individuals who implement government contracts do so honestly. Those who breach that trust, exploiting government contracts for personal gain, will be aggressively investigated and prosecuted."

Several investigative agencies participated in the criminal investigation, including: the Federal Bureau of Investigation, Springfield Division; the Internal Revenue Service Criminal Investigation Division, Chicago Field Office; the Defense Criminal Investigative Service, Central Field Office, St. Louis, Missouri; and, the U.S. Army Criminal Investigation Division, North Central Fraud Field Office, Detroit, Michigan.

The case is being prosecuted by Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; and John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice.

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